



Arlington Finance Committee

Date: Wednesday, June 12, 2024.

Time: 7:30-10:00pm.

Location: O'Neill Community Room, Public Safety Building, 112 Mystic Street, Arlington, MA.

Agenda

1. Approve Meeting Minutes.
2. Review Transfer Requests.
3. Election of Officers.
4. Other Business.

Members of the public are asked to send written comments to tbradley@town.arlington.ma.us.

Documents regarding agenda items will be made available via the Town's website.

By Christine Deshler, Finance Committee Chair

Reference 1: FY24 Reserve Fund Transfer Request Memo 6.10.2024



**Town of Arlington
Office of the Town Manager**

Alex Magee
Deputy Town Manager

730 Massachusetts Avenue
Arlington MA 02476-4908
Phone (781) 316-3016
Fax (781) 316-3019
E-mail: amagee@town.arlington.ma.us
Website: www.arlingtonma.gov

MEMORANDUM

TO: Christine Deshler, Finance Committee Chair

FROM: Alex Magee, Deputy Town Manager/Finance Director

CC: Jim Feeney, Town Manager
Ida Cody, Comptroller

DATE: June 10th, 2024

RE: FY24 Reserve Fund Transfer Requests

Near the end of each fiscal year, it has been the standard practice of the Town of Arlington Finance Committee to consider transferring funds from the Reserve Fund into various departmental budgets that are projected to close in deficit. The Reserve Fund, established under MGL Ch. 40 Section 6, exists in order to retain a portion of expendable dollars to provide for extraordinary or unforeseen expenditures. The purpose of the fund is to meet unexpected increases in departmental operational costs, such as legal fees, equipment repairs, and unanticipated increases in service costs. In Arlington, transfers out of the Reserve Fund must be approved by a vote of the Finance Committee.

Current Status of the Reserve Fund

In FY2024, the Reserve Fund appropriation was \$1,900,782. This figure represents 1% of the Town of Arlington's overall operating and capital expenditure budgets, and represents the standard amount budgeted in any given year. \$400,000 has already been transferred to meet the obligations of the November 2023 Override as voted by the Finance Committee in March. This leaves a **current available balance in the Reserve Fund of \$1,500,782.**

FY2024 Reserve Fund Transfer Requests

In FY2024, we are requesting \$380,987.39 from the Reserve Fund spread across five departmental budgets. Additionally, we are seeking approval to use \$5,695.41 from the Deferred Compensation Fund. Together, the total anticipated shortfall within the five budgets is \$386,682.80. Each of the requests, and explanations for the projected shortfall, is detailed below.

Legal

We request a Reserve Fund transfer in the amount of **\$106,304.54 for the Legal Department**. During FY2024, the Town reached a legal settlement with Donovan Johnson, totaling \$95,000. The Town also covered the bills for the outside counsel that represented three APD Officers involved in the case totaled \$59,358.33. Together, this entire matter cost the town \$154,358.33 in FY2024.

Facilities

We request a Reserve Fund transfer in the amount of **\$115,408.85 for the Facilities Department**. The Town saw an electricity cost increase of roughly 40% in FY2024. Additionally, the new DPW facility coming online added significant usage to the Town, including one completely new building, which during construction and commissioning was not under full building automation control. The costs associated with this building are anticipated to decrease once that automation is fully put into place. Additionally, the Town's IT department and data center are located in Building A of the DPW facility. The relocation of the data center (and the Computer Room Air Conditioning or CRAC units) from Arlington High School has added considerable usage onto Town meters. These costs fell under the school's operating budget in the past.

The Town owns the property at 23 Maple St., which is where various town departments operated through the first half of FY2024. Once vacated by town departments, the Town was able to establish a tenant in the property who is responsible for utility payments. The utility payments for the first half of FY2024 were unbudgeted and added to the Facility Department's utility budget shortfall.

Elections

We request a reserve fund transfer in the amount of **\$50,500.93 for the Elections Department**. These costs are associated with a Special Town Meeting of four nights and a special election, both of which were unbudgeted for. Together, the special election and STM cost around \$63,764 which was not planned or budgeted for.

Fire

We request a reserve fund transfer in the amount of **\$90,773.07 for the Fire Department**. Additionally, we are **requesting approval to use \$5,695.41 from the Deferred Compensation Fund**. The shortfall in the Fire Department is related to three buyouts which were not planned for and totaled over \$148,000.

Debt Service

We request a reserve fund transfer in the amount of **\$18,000 in the Debt Service budget**. The shortfall in this budget is related to short-term borrowing costs associated with the DPW project coming in higher than anticipated. When the FY2024 budget was being prepared in the end of calendar year 2022, the borrowing environment was a very different place than when the BANs came due in 2024. The Town budgeted \$118,064 in FY24 to cover the interest payments on the BANs, but the actual costs came in at \$183,784.11. Once the Water/Sewer Enterprise covered the proper split (74% General Fund, 26% Water/Sewer Enterprise Fund), this left a shortfall of \$17,936.24.

Please see the attached Appendix for a summary of the projected shortfalls, whether they are salary- or expense-related, and the requested funding source and amount from the Finance Committee.

Appendix A - FY2024 FinCom Reserve Transfer Requests
FY2024 - Reserve Fund Summary

Department	Description	Amount Required		Transfer Source	
		Expenses	Salaries	Deferred Comp. Fund	Reserve Fund
Legal	Legal Bills, Settlement	\$ 106,304.54			\$ 106,304.54
Facilities	Utility Costs, Materials/Services, Contracted Svcs.	\$ 115,408.85			\$ 115,408.85
Elections	Unexpected STM, Town Meeting Overage	\$ 50,500.93			\$ 50,500.93
Fire	Employee Buyouts		\$ 96,468.48	\$ 5,695.41	\$ 90,773.07
Short Term Debt Service	Estimated BAN Interest Shortfall	\$ 18,000.00			\$ 18,000.00
Sub-total		\$ 290,214.32	\$ 96,468.48	\$ 5,695.41	\$ 380,987.39
Total		\$ 386,682.80		\$ 386,682.80	

Reserve Fund - Current Balance	\$ 1,900,782.00
Reserve Fund - Current Balance	\$ 1,500,782.00
*Projected End of Year Balance (After Transfers)	\$ 1,119,794.61

Deferred Comp. - Current Fund Balance	\$ 21,544.74
*Deferred Comp Fund End of Year Balance (After Transfers)	\$ 15,849.33